HALF-AN-HOUR DISCUSSION ON POINTS ARISING OUT OF ANSWER TO UNSTARRED QUESTION NO. 105 GIVEN ON 15TH, 1991 RE. LOSS IN PRODUCTION OF CRUDE OIL AT BOMBAY HIGH

SHRI VIREN J. SHAH (Maharashtra): Madam Deputy Chairperson, I have a little bit of problem about this because I have spent nearly 12 to 14 hours of my time to study this question of the ONGC during the last four days and this afternoon I brought the reports of the Committee on Public Undertakings from the third Lok Sabha onwards and right up to now and on the way I picked up the annual report of the ONGC 1988-89—a beautifully brought out corporate plan 1985-2005 of ONGC. But with all that material I have to sit down and write down what I am going to say so that I do not travel a very long distance.

I would like to give a backdrop. The backdrop is necessary because the backdrop is that the recent budget speech of the Finance Minister brings out a critical macro-economic problem ... *(Interruptions)*...

THE DEPUTY CHAIRMAN: Half an hour will be half an hour. You must note.

SHRI VIREN J. SHAH: ...unmanageably large internal and external debt and foreign exchange crisis. This is the backdrop we have to keep in mind and I want to urge the hon'ble Minister to keep this in mind while dealing with this matter. This discussion is based on my unstarred question No. 105 which was answered on 15th July which refers to a report that came in the 'Financial Express' of June 30 about the gas lift scheme for Bombay High that the delay may cause Rs. 15,700/- crores. So that was the basis.

[The Vice-Chairman (Shri Shanker Dayal Singh) in the Chair]

Now it was thought that the project might not be executed which could lead to a loss of 49.38 million tonnes in oil production worth Rs. 15,700 crores, and the honourable Minister, on that very day, in reply to a Starred Question gave India's production as 28 million tonnes, the oil and this is 49.38 million tonnes, the loss being almost twice. So, there was this reply and I would come to that a title later.

Before we go into the specific issue, a fruther background is necessary for the Honourable House to grasp the seriousness of the situation. Despite very large oil deposits, we are importing 43 per cent of our consumption which amounted approximately to Rs. 11,000 crores last year and, with the devaluation of the rupee, this could be still higher. The amount is nearly 25 per cent of our total foreign exchange outgo for imports. And, Sir, during the Seventh Plan, our oil imports grew by 7.5 per cent per annum as against 3.8 per cent in the Sixth Plan and the Working Group on Oil had projected domestic production at 51 million tonnes by 1996 and with that we could meet 65 per cent of the total demand. Consider the saving in foreign exchange alone to the country. But is there any sign of this to happen?

The honourable Minister should realise that we have dismally failed in our mission and if only he goes through the Reports of the Committee on Public Undertakings right from the Third Lok Sabha on the ONGC, he will be convinced. Of course, there are repeated mentions here. But I will come to that a little later. There is another interesting thing and that comes out from the well-producted "Corporate Plan". It is very well worded and it is in nice English and one could learn good language from it though one cannot understand what the substance of it is and, therefore, I am putting it aside for the time being. We have drilled 11 wells from 10,000 sq. miles of potentially oil-bearing areas. The world average stands at 100 wells. In North America, the average is 450 wells. This has been given in the Report also. My main source of information is the Petroleum Encyclopaedia—this is the authority on petroleum industry—and this states that India is at the bottom of the oil-extracting countries in the world. India extracts 3.3 per cent of the balance recoverable reserves as

[Shri Viren J. Shah]

against 15 per cent by Cameroon and 8.2 per cent by Angola and even Egypt and Malaysia are far ahead of us. This has a bearing on our entire economy and also our social ilfe, whether it is in Bihar or elsewhere. If we produce wealth in the country, it changes the whole picture.

Now, I am informed that in the Bombay High wells, we have the richest oil reserves and these reserves alone can give us 56 million tonnes of oil per annum —I would like to be corrected if this is not so—and 8 MCMD of gas and this again is twice what you are producing today. This is the potential of these two reserves. Now, there the loss of one million tonnes of crude production results in gross revenue loss of Rs. 190 crores. In the current year a minimum of 5.2 million tonnes of loss in production is estimated. So, the loss to the country through the ONGC would be Rs. 1,000 crores.

Sir, there is a charge against the ONGC that it damaged the Bombay High Reservoir by delaying water injection. The estimated production loss is 135 million tonnes of oil, unless immediate remedial steps are taken, and the loss in terms of money would be over Rs. 1,48,650 crores! This is more than total Budget of the whole Government of India, both Capital and Revenue!

There is another eye opening report in newspapers. I have got a lot of papers and reports with me now. One of them says that there is a gap between the declared production of crude oil by the ONGC as reported and the crude oil received by the refineries. This was in the "Financial Express" of the 17th December, 1990. And, Sir, it says that there is a difference of one million tonnes of crude oil per annum between what is reported by the ONGC as produced and what is reported by the refineries as received. If that is so, the value of this is over Rs. 400 crores per annum. On 15th July, in reply to Starred Question No. 23 the hon. Minister stated that 470 wells remained idle and 673 wells were not contributing to production. I believe there are methods of water injection, gas injection and other technological processes by which the wells could be put into production. But the hon. Minister took shelter under the Dasgupta Commission Report. Will the Minister place on the Table the Dasgupta Committee Report, along with his comments on them? Is the ONGC, the single monolothic organization, capable of achieving the objective? The Committee on Public Undertakings Report No. 197 of 1971-72 has brought out and recommended that there should be another separate organization, independent of ONGC, for off-shore operations. And there are other reports of COPU and other bodies that say that as a virtual monopoly ONGC suffers from organizational inertia and corruption has been widely prevalent.

For the last twenty years we have been flaring highly valuable gas and that is how this question arose. During the Sixth Plan the flaring of gas increased at the rate 31.2 per cent per annum. In Bombay High, I am told, 72 per cent of total gas is flared. Has the Ministry worked out the cost of this to the nation during the last twenty years? The hon. Minister and the nation would be shocked to know how many thousands of crores of rupees worth of gas is flared. At the same time, during every year we have to continue to raise indirect taxes and add a burden on the poorest. The Finance Minister talked of austerity in his Budget speech. The Prime Minister asked the nation to tighten belt, while we are merrily flaring our most valuable natural resource that we are endowed with. And it is not that we do not have economic use for such gas. For example, the Maharashtra Government has been repeatedly requesting the Central Government to have a second gas terminal at Uran near Bombay to use this gas for power generation, industrial uses and distribution to consumers. And if you look at the Annual Report of the ONGC, it also mentions these things. Or even the Corporate Plan 1985-2005 also refers to it in a manner—well, I am not going into that for want of time. Now, the Government of India sits on this for years, and nobody seems to be concerned about it. Ministers of Petroleum come and go and the flaring of gas merrily continues. In this very place I asked your predecessor in 1977 about this flaring of gas and he gave extraordi-

nary reason, economic consideration, of the value of gas—while it burns with zero return.

But at this stage—I wanted to say earlier—this Report, which I picked up on my way here, states ONGC has a mission, followed by objectives. I read one sentence on our mission: "To stimulate, continue and accelerate the efforts of development and maximise the contribution of the energy sector to the economy of the country." Can you say that they have reached even one step near the mission? And our objective is self-sufficiency in oil, self-reliance in technology, promoting indigenous effort in all related equipment and services. In practice there is nothing of the sort. I will come to it in a minute. I know the Minister will read the reasons which perhaps at least 8 of his predecessors have mentioned before him, either in this House or the other House.

In this House I heard 16 years back of your predecessors' assurance, the like of which, if one goes into the records of last 20 years in both the Houses, one could see. Now, what makes one wonder is whether we are really serious about utilizing our resources and improving our agriculture and macro economic situation. The reasons given are lack of funds availability or economic viability. If the hon. Minister goes through various reasons why gas is not allotted, they will say that because the present formula is such that it is not economically viable if we give to fertilizers or for power generation. And you might see the same argument 18 years back. And for those 18 years we have flared the gas. And you gave the figure 14 MCMPD the other day. This is your figure, Sir. Now, I come back to this. Is anyone bothering about thousands of crores of rupees being wasted in this manner when you justfy not providing gas for power generation and industrial use on the economic reasons? But this is the question to be asked: What do we lose? What are we losing by not doing it than what we might loss by doing? (*Time bell*). The Deputy Chairman told me that she will give me 15 minutes. I started only eight minutes back.

THE VICE-CHAIRMAN ((SHRI SHANKAR DAYAL SINGH): I am also watching the time.

SHRI VIREN J. SHAH: Sir, I will be through in a very short time.

Sir, the gas lift project about which this discussion is raised was sanctioned in May, 1988. But there were avoidable delays of at least two years including finalising the orders. At one stage, the ONGC refloated the tender because a very highly placed officer wanted to do so under the excuse to obtain lower rates. The Tender number is O.T. 880. It was floated on 7th June, 1989 for the gas lift project and was refloated again. And what happened? We have paid 50 per cent higher price in foreign exchange. And I am coming to another report from today's newspaper also. For a similar matter, the Report of the Committee on Public Undertakings (Report No. 6) for the year 1990-91 has severely criticised the ONGC for delay and additional cost incurred on the ground to invite rebids for one reason or the other. This Report of 1990-91 has severely criticised the ONGC, and the Committee has passed strictures. And yet again, in 1989-90, for entirely another matter, O.T. 880 was refloated at 50 per cent higher price. Do we pull up anybody? Do we make anybody responsible for damaging the economy of the country? I don't think we do that at all. We are concerned about one crore of rupees' sanction, and we hold up even drinking water facilities in the villages. But do we do this when hundreds of crores are concerned?

I referred to the charges of corruption and mal-administration earlier. Let me give you three examples only. One is related to this very project. It so happened that it is reported in the "Financial Express" of today on the front page, about a Company called M/s. P. J. Pipes and Vessels Ltd. The Finance Minister, on 3rd January, in reply to my Starred Question No. 113 stated that the Director of Revenue Intelligence raided the offices and other premises of this Firm on 3rd November, 1990. The Firm was charged of importnig 548 tonnes of stainless steel

[Shri Viren J. Shah]

plates, valued at several crores of rupees without payment of duty as it was supported by ONGC. The Finance Minister stated in his reply that more than half of it was sold away in the market, and the matter was under investigation. Even then what happens? The Company is being encouraged by ONGC. And for this SHG project, there was a tender. It was due on 6th July for supply of varieties of pipes. To enable this particular party which is under investigation to bid for this tender, it is stated—it is stated, I do not know—that under the orders of Member (Technical), the date was extended from 6th July to 22nd July. And what do you find? This P. J. Pipes & Vessels Limited have to pay 25 lakhs of rupees to buy the tender paper. And one million dollars have to be deposited at a proper time before getting the order. They happen to be surely a bidder. I have already drawn the attention of the hon. Minister by a letter dated 10th July, 1991. In fact, I drew the attention in December last year of his predecessor on a number of issues that I am talking about. But I do not know what happens to the letters the Ministers receive. They must be going down the line. And they do not come up the line, perhaps. It might have happened with your predecessors. I do not know about the present hon. Minister.

There is another example. On 9th July, 1991 there is a report that the CBI conducted a raid on the residence and office of the Group General Manager of ONGC by name J. S. Bedi. It is reported that several bank lockers have been sealed. Would the Minister want to find out as to what kind of methods are used to defraud the nation? It is much more important to find out what methods are used to defraud the nation. The third example is that on the 17th December, 1990, the 'Economic Times' published a report about a Company called M/s. Jacgson International Private Ltd., Delhi stating that despite categorical instructions by the Government which were not fulfilled by this company, the ONGC extended contracts to this firm for ocshore drilling. In this case, the ONGC did not float tenders for the drilling of tubewells but favoured Jacgson International. It is a newspaper report. These example may be only a tip of the iceberg. There may be many more which never come to our notice.

The hon. Minister's reply for the delay is that it was on account of overturning of barge leading to loss of pipes in the sea and the project is expected to be completed by November, 1991. With the greatest respect if I may say, not only the Minister is being led on the garden path but this hon. House also by this reply, because that barge would not contain more than 100 tonnes of pipes and the total structure is 6000 tonnes. That one barge overturned, containing 100 tonnes pipes, and so the entire project is delayed by one year, the hon. Minister gulps this down and mentions it to the hon. House to gulp it without thinking. No disrespect meant to the hon. Minister. Now, we are at the end of July 1991. In his reply what the hon. Minister said that it will be completed by November, 1991. Will the hon. Minister assure this House that it will be completed in November, 1991 and on 30th November, 1991 he will come here and tell us that this project is completed and we are all going to cheer him? Will he be able to do this? But the report says that it may not be completed even in four years from now, unless, the hon. Minister and his colleagues work on it and make it possible. But right now the way it is going it may not be possible. May I suggest one thing? The Minister may read monthly progress reports which the ONGC submits every month. The ONGC submits a monthly progress report of the schemes under implementation every month. You get the monthly reports of the last six months of these schemes. If you go through them, I think you might be shocked to see what these state it gives, if you piece together various parts of the report. I am confident, if he looks into them, if he finds time—need not be over 12 hours as I have worked over it because I have nothing else to do, but the hon. Minister is a busy person running a Ministry, whatever time he gives—it might help. Now the basic problem is that the

giant size of ONGC with great recourse to foreign exchange and easy imports and also placing orders abroad and in India, running into thousands crores of rupees, creates vested interests. It happens. It has happened. You will see if you go through the COPU reports of ONGC of the last 20 years. Hon. Minister may want to check whether the various concerned technical officials including Members, have the background and qualifications to manage this operation. The hon. Minister may want to ask how often the Member Technical) has visited the fields personally during the last 12 months. I think the basic problem is that there is a lack of monitoring and lack of timely decision both at the ONGC level and the Ministry level. Reasons for delay are always there. There are 20 reports talking about delays only in this oil and gas sector. I am not referring to other reports. May I hope that the hon. Minister and his colleagues will bring about a radical change? In fact, I have so many notes on the various reports, but I am not going into that. But the Chairman's report, in this Annual Report says that full exploitation of these reserves will reduce pressure on liquid hydro—carbons and will bring financial return. Plan target for reserves has already been achieved that he says on page 8 of this Annual Report. On R&D he says in future R&D will have to focus more on maximising recovery from the existing fields. He talked about indigenous operation, indigenous equipment building. It will be very interesting if one looks for genuine efforts, not some hoax like in importing pipelines, pipes and giving some one just to fit something which is already imported and calling it indigenisation and 15 per cent price preference as is alleged to be happening in the P. J. Pipes & Vessels case, About the genuine equipment building to which the Chairman's report refers, there is I think the 4th Lok Sabha COPU report about it. If that is done, I hope the hon. Minister and his colleagues would bring about a radical change and fulfil the dreams of their late leader Shri Rajiv Gandhi. Thank you.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH): The hon. Minister.

SHRI VISHVJIT P. SINGH (Maharashtra): No, Sir, I have given my name.

THE VICE CHAIRMAN (SHRI SHANKAR DAYAL SINGH): After the Minister replies.

SHRI VITHALRAO MADHAVRAO: JADHAV: Let all the Members put their questions and the Minister will reply later. That is the procedure.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH): I have no objection; but you have to put only the questions and not give a speech.

SHRI VISHVJIT P. SINGH: Sir yesterday, hon. Deputy Chairman made the same request to me and I acceded to that request and stuck to my promise of limiting my questions to exactly three minutes as promised to her. And, Sir, I found that I was the only one who stuck to the promise.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : You have already taken half of that time. Please take your seat. Mr. Pramod Mahajan.

SHRI VISHVJIT P. SINGH: I am number one on the list.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : Your name is second on the list. First name is of Shri Pramod Mahajan. Let him speak first.

श्री प्रमोद महाजन (महाराष्ट्र) : उपाध्यक्ष महोदय, मैं केवल तीन मिनट के अंदर ही प्रश्न पूछना चाहूंगा कि क्या यह सच है कि तेल और प्राकृतिक गैस आयोग को इसी वर्ष 1991–92 में 300 करोड़ का घाटा होने की संभावना है? और, इस घाटे से बचने के लिए केवया यह सच है कि आयोग कच्चे तेल दाम में 50 प्रतिशत की बढ़ोतरी की मांग कर रहा है, जिसके कारण उसको 1500 करोड़ रुपया मिले और 300 करोड़ का घाटा 1200 करोड़ के लाभ में बदला जाय ? मैं मंत्री महोदय से इसके संबध में सच्चाई जानना चाहूंगा। यहसमेरा पहला प्रश्न है ।

[श्री प्रमोद महाजन]

उपाध्यक्ष महोदय, दूसरा प्रश्न यह है कि क्या बहुत सारे तेल कुएं, खासकर पश्चिम और दक्षिण क्षेत्र में रिक्त होने के कारण और पूर्व क्षेत्र में वहां पर स्वाभाविक रूप से जिस प्रकार का आंदोलन चल रहा है उसके कारण इसमें कितनी कमी होने की संभावना है ?

इन्हीं दो प्रश्नों के संबंध में मंत्री महोदय से उत्तर चाहूंगा । धन्यवाद ।

SHRI VISHVJIT P. SINGH: The total production of natural gas in the country is 50 million cubic metres per day out of which 40 million cubic metres per day comes from Bombay High. Out of this 40 million cubic metres per day, 14 million cubic metres per day is flared at Bombay High. It is set fire to when we are in need of this gas for our power stations for our domestic consumption, for our industry, for fertilizers, and it is still flared. Maharashtra Government has asked for this gas. We asked for a second terminal to be set up a long time back. It has not yet been set up. I know the hon. Minister is young, dynamic, efficient and he has that one quality, I find vsry few Ministers have which I find very admirable, he is a friend of mine. I just want to ask the hon. Minister a specific question. The production of gas in the Bombay High is expected to go up to 55.3 million cubic metres per day (MCMPD) by the year 1994 and it would be 71.5 MCMPD in the year 2000 which is not too far away. I would like to know how much gas in proportion would be flared if the second terminal is not set up?

Since the Maharashtra Government has already submitted plans, we can utilise more than 50 MCMPD, even today. For example, we have submitted plans for 4 gas power stations which will consume 22.5 MCMPD.

In the immediate future, we can consume 30 MCMPD. I would like to know from the hon. Minister how soon these projects will be approved, how soon the second terminal will be set up and how soon this gas will be made available to the Government of Maharashtra.

SHRI VITHALRAO MADHAVRAO JADHAV (Maharashtra): Sir, I would like to put only pointed questions, through you, to the hon. Minister. My friend has rightly pointed out that the country's total producion of gas is 50 MCMPD. Out of that, Bombay High produces 40 MCMPD and 14 MCMPD is flared every day. The total loss because of this gas flaring is equivalent to our total GDP. I want a categorical answer from the hon. Minister. Sir, another thing is that, out of the 30 MCMPD associated gas, 4 MCMPD is used through the HBJ pipeline. I would like to know from the hon. Minister whether there is any proposal to have a pipeline on the lines of HBJ to the Southern States, namely, Karnataka, Andhra etc. In this House, we had asked you to set up gas—based fertiliser plants in the agriculture-rich areas. I would like to know whether the Petroleum Ministry would consider this. The proposal had been submitted earlier by the Government of Maharashtra. Today, the utilisation of gas in Maharashtra is: RPF-5.5 MCMPD; Tata Electric-4.4 MCMPD; Bombay City (LPG)-1.0 MCMPD and Petro-chemicals-1.15 MCMPD. The Maharashtra Government has demanded more gas for its various projects which are to come up in the near future, in the Eighth Five-Year Plan. These are: three sponge iron plants in Raigarh District-2.05 MCMPD; MSEB, Uran-4.05 MCMPD; Tata Electric-1.05 MCMPD; Bombay City distribution-1.05 MCMPD; proposed power plants-16 MCMPD and other industries-4 MCMPD. The total requirement of Maharashtra is 30 million cubic metres per day by the end of 1994. The proposals have already been submitted to the Government of India.

Another important issue is—my colleague has also raised this—we have already demanded a second gas terminal at Uran. The second gas terminal at Uran would require Rs. 8,000 to Rs. 10,000 crores. But unless we have a second gas terminal at Uran, we cannot utilise the Bombay

High gas which is now being flared every day resulting in loss of crores of rupees. We are spending Rs. 15,000 crores for the import of petroleum products. If this gas is utilised fully we can wipe off the deficit in our Budget. We are losing crores of rupees because of this flaring of gas *Bombay High. It is a national waste.* If we utilise this gas, our economy would get a great boost and we will be self- reliant in various respects.

Lastly, the Maharashtra Government has demanded 30 million cubic metres of gas for its industrial and other uses. When is the Central Government going to consider this demand

श्री सुरेन्द्रजीत सिंह अहलुवालिया (बिहार) : उपसभाध्यक्ष महोदय;

उपसभाध्यक्ष (श्री शंकर दयाल सिंह बिना नाम के साथ आ गये बीच में।

श्री सरेन्द्रजीत सिंह अहलुवालिया : सवाल ही कुछ ऐसा है, आना पड़ता है

उपसभाध्यक्ष (श्री शंकर दयाल सिंह) : बस, एक मिनट में ।

श्री सुरेन्द्रजीत सिंह अहलुवालिया : एक मिनट में । उपसभाध्यक्ष महोदय, मैं आपके माध्यम से मंत्री महोदय से जानना चाहूंगा कि क्या ओ.एन.जी.सी. ने अपना वर्ष 1989 और 1990 का जो टार्गेट था, वह पूरा एचीव नहीं किया है और अगर नहीं किया है तो उसके पीछे क्या कारण थे ? दूसरा सवाल है, क्या पैट्रोलियम मंत्रालय समुद्र के अंदर ही क्रूड आयल को स्टोर करके रखने का कोई स्टोरेज टैंक बनाने की कल्पना कर रहा है ? इस पर कोई सोच विचार चल रहा है, क्योंकि न्यूक्लिअर वार को मद्दे नजर रखते हुये जो सारे डवलपिंग कंट्रीज और डवलप्ड कंट्रीज हैं उन्होंने समुद्र के अंदर ईंधन को बचाकर रखने की व्यवस्था की है । क्या भारत भी उस रास्ते पर चल रहा है ?

तीसरा, मैं जानना चाहूंगा कि बम्बई हाई में जितने भी एक्सप्लोरेशन प्लांट हैं, इंस्टालेशन हैं उसमें जो गैस इतनी जला दी जाती है वह एक नेशनल लॉस है और हम जब अपनी आंखों से देखते हैं तो हमें लगता है कि यह नेशनल लॉस ही नहीं नेशनल अपराध भी है ।

It is a national crime. Every day, we are committing this crime.

प्लानिंग की गलती के कारण यह जल रही है । उसको कंट्रोल में लेने के लिये क्या हम उन इलाकों में, उनके नजदीक में फिजिबिली कोई गैस टरबाईन या गैस बेस्ट प्लांट (समय की घंटी) या गैस बेस्ट इंडस्ट्री जहां पावर ज्यादा लगती हो, हीट जेनेरेट करने की जरूरत होती हो, वैसा कोई प्लांट लगाने की कोई अनुमति दे रहे हैं या कोई ऐसा इन्फ्रास्ट्रक्चर तैयार कर रहे हैं या नहीं कर रहे हैं ?

अंतिम सवाल है महोदय, जैसा कि आपको भी ज्ञात होगा और पूरा सदन जानता है कि इस बार हमें फर्दर आयल ड्रीलिंग करने के लिये जो कर्जा मिलता था या जो पैसा मिलता था या हमें जो अनुदान मिलता था वह इस बार नहीं मिल रहा है, ऐसा ज्ञात हुआ है । तो हम फर्दर आयल की आइडेंटिफिकेशन के लिये और गैस की आइडेंटिफिकेशन के लिये जो ड्रीलिंग करते थे और जब हमें पैसा नहीं मिल रहा है उसके बारे में तो मंत्रालय क्या सोच रहा है ? भारत सरकार क्या सोच रही है ? उसका क्या बंदोबस्त क्या रहे हैं, क्योंकि आज जो नहीं मिल रहा है उसका अफेक्ट आने वाले पांच सालों में पड़ने वाला है क्योंकि जब हमारे नये कुओं का आइडेंटिफिकेशन नहीं होगा और हमारी मांग बढ़ती जायेगी, खपत के लिये हमारे पास चीज नहीं होगी तो हमें और मुसीबतों का सामना करना पड़ेगा और तब ज्यादा पैट्रोलियम प्रोडक्ट का इंपोर्ट करना पड़ेगा, उससे बचने के लिये हम क्या सोच रहे हैं ? धन्यवाद ।

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI B. SHANKARANAND): Mr. Vice-Chairman, at the outset I must thank my friend Mr. Viren Shah who has taken hours of time though he said he had done no work on this. I would say that he has taken great pains in studying the problem that is faced by the country, especially in oil sector. He has traversed a long horizon in the oil sector, right from exploration to production and refining, especially highlighting the losses in the production and he has held the ONGC guilty for this. He has dwelt on many points, to which he deserves a reply, an explanation and deliberation. Perhaps it will will not be possible for me or for the hon. Members to discuss the entire gamut of the oil sector within half an hour. It needs a full-length debate. At the same time, I entirely share the anxiety and the views expressed by hon. Viren Shah and other friends on this side about their concern for oil development in this country and the problems that they feel should be solved without further delay.

On many points I do agree with the suggestions made by the hon. Members. I must say that I agree with the suggestions. They need an indepth study of the problem. As a matter of fact, major part of the speech of Shri Viren Shah is devoted to the functioning of the ONGC at all levels. He has pin-pointed certain nooks and corners where corruption, according to him, is hovering, and this is delaying and holding the country to ransom as far as oil sector is concerned. I should say, my friend Viren Shah spoke about the backdrop. The backdrop, according to me, is the Finance Minister's budget speech and he tried to take the House on the plain where the Finance Minister's speech deals with the lifting of the country from the morass of the economic crisis. I hope the entire country today is appreciating the steps that the Government has taken to give a shape to the economic future of this country. Though from many corners we have been receiving complaints about the very approach, by and large, I should say, entire industry in this country has welcomed the steps taken by the Government of India.

6.00 P. M.

Sir, I should say that this Half-an-Hour Discussion has rightly been taken up in this House at a time when there has been a tremendous economic and foreign exchange crisis faced by this country. Hon. Members have suggested certain efforts to be made for oil development, but to a great extent foreign component is involved in these various projects. Sir, I should say that the shortfall in the production of crude oil started in 1990-91 when against the target of 35.90 million tonnes, about 33 million tonnes of crude oil was produced. The shortfall was mainly due to the dislocation of the operations of the ONGC and the OIL in Bombay because of agitations, bandhs and oil blockades resulting in a loss of about 1.31 million tonnes. The other reasons for the shortfall, if I may take a little more time of the House—I feel that the House is interested in knowing these particulars—are: The loss on account of strike in the oil sector was 0.20 million tonnes; that on account of refinery restrictions due to LSHS disposal problems and effect on wells in Gujarat is 0.17 million tonnes third, reservoir considerations, 0.71 million tonnes. There have been some slippages in projects, and it has caused a loss of about 0.52 million tonnes.

Sir, as regards the Gas Lift Scheme for Bombay High, I am just differentiating between the Gas Lift Scheme and the Gas-flaring Reduction Scheme. They are two different, independent Schemes. Let us not confuse between these different schemes. The Gas Lift Scheme is in operation I am going to explain to the House what this Gas Lift Scheme is and what the Gas-flaring Reduction Scheme is. The Gas Lift Scheme is to push the gas inside, gas or water inside, to lift the oil up. This has been followed by the ONGC at various wells depending upon the requirements of each well. It is not that the demand and the requirement of each well is similar or uniform; it is not so. This Gas Lift Scheme is in Operation.

This is for Bombay High. This is estimated to cost Rs. 561.30 crores. It envisages 238 wells to be put on gas lift in a phased manner from 1989-90 till 2000. The cumulative production over this period is estimated to be about 49.38 million tonnes. The project also includes some pipelines. As was commented upon, a barge carrying the pipelines fell into the sea, and hence the delay in its completion. That is something which I will further explain.

SHRI VIREN J. SHAH: What is the cost of the Gas Lift Scheme?

SHRI B. SHANKARANAND: Rs. 561.30 crores.

The cumulative production over this period is estimated to be about 49.38 million tonnes. The project also includes some pipelines. As per the Feasibility Report, 123 wells should have come on gas lift by the end of 1991-92, which is likely to be achieved. This has been my report. I must check it up because the Member has cautioned me to be careful about the figures.

SHRI VIREN J. SHAH: November, 1991?

SHRI B. SHANKARANAND: I am just coming to that.

As I earlier said, the hon. Member himself has referred to it. I am on the point of development, the stage where the implementation is taking place. A barge carrying some pipelines also overturned as a result of which five remaining segments of the pipelines will be completed by the end of 1990-91. What will be completed by the end of 1991 is these remaining segments. I would like to assure the Members that there is no loss of oil production. I want to make it clear, Mr. Vice-Chairman, and I must emphasise this because let there be no misapprehension or wrong notion about this loss, alleged loss. I should say that there is no loss at all. I would like to assure the Members that there is no loss of oil production. But intead of realising this, by the year 2000, it will be delayed by two years. I must take the House into confidence that I have advised the ONGC to explore the possibility of minimising the delay. All possible steps would be taken to minimise the delay in this case and we will try to cut down the two-year period so that this project can be completed. Hon. Members are aware that for the last few years, misgivings had been expressed in several quarters that delays that had taken place in the setting up of production and pressure maintenance facilities and the continued overexploitation of the field had affected the Bombay High Reservoir. The Government had appointed —as I said earlier in the House on 15th July, 1991 when the hon. Member had put the question—a Committee in April, 1990. This Expert Committee went into the problem and they had submitted the report in November, 1990. According to the report of this Expert Committee, the findings, *inter alia*, were that the levels of withdrawal of crude oil from the reservoir have deviated from those recommended that from the point of view of maintenance of reservoir health, these deviations were not justified. The Committee also said that there have been periods of over-exploitation with regard to the delays in setting up of facilities and in implementaton of pressure maintenance schemes. These factors have contributed to the incidence of high gas oil ratios and inadequate workover inputs have resulted in high water cut situations. While there were signs of reservoir impairment in terms of reservoir energy, with rectificatory steps, the ultimate recovery expectations could be achieved. The Committee recommended the closure of wells with high gas oil ratios to reduce reservoir voidage and undertaking of remedial operations. ONGC has studied several variants of strategy for rectificatory measures in the Bombay High field and these are currently under the consideration of the Government.

[Shri B. Shankaranand]

Mr. Vice-Chairman, I would also like to take the opportunity to inform the House that there is a potential for increasing oil production in the near future with the implementation of several new projects, as has been stated by the hon. Members here—such as Neelam, Panna, Mukta oilfields in the Western offshore, additional development of L-II and L-III reservoirs of Bombay High, development of Ravva field in Eastern offshore and the Gandhar field in the Western onshore. All these projects will give an incremental annual production of over 10 million tonnes in addition to associated gas. However, these projects have a high foreign exchange component. Efforts are being made to mobilise foreign exchange for the projects including loan assistance from the World Bank and the Asian Development Bank. May I inform Mr. Viren Shah and other Members that recently the World Bank has approved the Gas Flaring Reduction project in Bombay offshore? With the implementation of this project, gas flaring will be eliminated by the middle of 1994. This is what I have been informed by the officials. ONGC and OIL have also taken steps to stop flaring of gas onshore which. I hope, will be done by the beginning of 1993.

May I inform the House that I must give to the House whatever information I have on this subject? I do not want to hold back any information which comes to my knowledge. If there are any slippages, not in the ONGC, but in my functioning, I welcome the suggestions from the hon. Members so that I can correct my mistakes and improve the efficiency of exploration and production of oil. This is very essential at this juncture. I hope, Sir, that the ONGC and the OIL will take steps to stopflaring, as I have promised, and the project will be completed by 1994. I am also told that the ONGC and the OIL have also taken steps to stop flaring of gas on-shore which, I hope, will be done by the beginning of 1993. Simultaneously, steps have also been taken to intensify exploration by the public sector oil companies. The Planning Commission has been requested to provide the required funds for the purpose. Hon. Members are aware that the Eighth Plan projections are being studied and finalised and we hope to get adequate funds for all our activities in the development of oil fields. To supplement their efforts, a decision has also been taken on the fourth round bidding under which we will soon be inviting internatioal and domestic companies to enter into production-sharing contracts for exploration and exploitation of hydrocarbons. While all efforts will be made by the Government to increase the production of hydrocarbons as quickly as possible, there is, however, a need to control the need for oil and substantially improve the efficiency of its utilisation. Sir, I should say that we can ill afford an oil-intensive economy. I need not go into each point that was made by the hon. Member in attacking the ONGC and its functioning. But I will keep what he has said in my mind and take whatever steps are needed to improve the efficiency and functioning. Though I do not, at the moment, admit what he has said is all correct, it would be my duty to say that whatever suggestions have been made, whatever critical remarks have been made, whatever critical remarks have been made, should be for my guidance, for improving the efficiency of the ONGC.

Mr. Viren Shah made some points. Mr. Jadhav and Mr. Vishvjit also made some points. Ahluwaliaji has made some remarks, but no twith reference to Maharashtra. Mr. Vishvjit and Mr. Jadhav have referred to and brought to my notice the demands of the Maharashtra Government. There has been the demand of Mukund Iron and Steel for gas, natural gas. There has been the demand for a second terminal, as has been said, at Uran. I do not want to go into all those aspects. But I do take notice of what they have said. Mr. Mahajan has said that this year there is a possibility o Rs. 300 crores lass for the ONGC and they are demanding a fifty per cent price-hike for their products from the Government so that they can wash away this loss and show that they are in profits. Sir,I won'tsay whether the

ONGC will be making profit or loss, at this stage, unless I have the figures before me. I do take note of Mr. Mahajan's suggestion in this regard. (*Interruption*).

SHRI PRAMOD MAHAJAN: Are they asking for hike?

SHRI B. SHANKARANAND: That is what I do.

SHRI PRAMOD MAHAJAN: Your silence means they are asking for it.

SHRI B. SHANKARANAND: I won't give this promise without knowing the fact. I do not want to tell the House anything which I do not know is correct. Shri Vishvjit P. Singh said that 14 million cubic metres of gas is being burnt or flared every day. I will keep his suggestion in mind and see what best can be done. (*Interruptions*).

SHRI VIREN J. SHAH: The Maharashtra Government had submitted this quite sometime back [illegible] successive Chief Ministers of Maharashtra—one of them is now your hon. colleague as the Defence Minister—pursued the matter will raise the money overselves of you getting any response. That is the point. (*Interruptions*)...

SHRI VITHALRAO MADHAVRAO JADHAV: Right from the present Home Minister when he was the Chief Minister. (*Interruptions*).

SHRI VISHVJIT P. SINGH: We have even gone to the extent of saying that we will raise the money overselves if you allow us to raise the money. We will raise the money ourselves from NRIs who are willing to finance us to make the investment. Please get us the permission of the Government of India. (*Interruptions*).

SHRI VITHALRAO MADHAVRAO JADHAV: You have liberalised the Industrial Policy even (*Interruptions*)

SHRI B. SHANKARANAND: In short, all these are suggestions for action by the Government. That is how I think. Wherever it is feasible, wherever it is possible, wherever it is admissible, I will definitely take note of these suggestions and act accordingly. Mr. Jadhav has said the same thing. He has made one important point that he wants a gas pipeline like the HBJ that has been taken, to the southern States. He wants that sort of a gas pipeline for the southern States like Maharashtra, Andhra and Karnataka where there is shortage of power and where gas can be used as a source of power and the industry can develop. It is a good suggestion but I do not know the economics of it. I do not want to comment off hand on this demand but I feel this demand is genuine.

SHRI H. HANUMANTHAPPA (Karnataka): The Committee has been formed in the Ministry also. A study has been made in the Ministry.

SHRI B. SHANKARANAND: I am talking about the economics of this.

SHRI H. HANUMANTHAPPA: They have studied it.

SHRI B. SHANKARANAND: They have studied it. But I have to study.

SHRI VITHALRAO MADHAVRAO JADHAV: At least you assure that you are going to consider it.

SHRI VISHVJIT P. SINGH: If it is economical to take it to thousands of miles away to eastern India. I don't see any reason why it is not economical to take it down to South India.

SHRI B. SHANKARANAND: Ahluwalia Ji expressed his concern about the construction of underground storage tank in view of the modern global situation that is arising in today's political atmosphere of the comity of nations. Sir, I do not know whether I should say yes or no to this but this is a point to be considered by the Government. I do not want to say anything more. I thank the hon. Members for bringing to the notice of the nation the importance of oil and its future in economics. I must thank the hon. Members who have given me hints and who have brought this subject for discussion.

SHRI VIREN J. SHAH: Sir, as initiator of the discussion I want to raise one or two points. I am very grateful to the hon. Minister for his positive attitude. The hon. Minister has taken a very cooperative line. There are a number of points on delay etc. I am not going into them. My only submission to him would be that he might carefully go through some of the suggestions that I have made and look into them personally. He should go into them in the way in whcih I did as an ordinary Member and he will find facts at variance with the kind of reports he gets. Secondly, as I said earlier, identical replies were given by eight or nine of his predecessors but the replies remain constant and the results do not come up. Please state about it because there are drilling firms which are hit by the devaluation and they met the hon. Minister and said that it something was not done early, there will be further fall in crude oil production. This is all going to have a very serious impact on the whole economy. About Panna also I said, because of the delay Hyundai Co. have increased the price. That is why I have mentioned that from the third Lok Sabha onwards, the Committee on Public Undertakings—that was the first one-fourth, fifth and eighth Lok Sabha—have made caustic comments and strictures have been passed by the Committee about the delay that is taking place in finalising tenders, rebids leading to hundreds of crores of rupees' loss to the country. If the hon. Minister finds times to look into this and some other aspects about the functioning of ONGC —I have referred to specifically three cases which are reported to be, of corrupt practices; about one in this very House the hon. Finance Minister replied—I am sure the hon. Minister is looking into it. I am not seeking any assurance. I hope he would look into it—there would definitely be a benefit accruing to the country.

SHRI B. SHANKARANAND: The suggestion of the hon. Member is well taken.

THE BUDGET (RAILWAYS), 1991-92— Contd.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH): Now we are going to take up further discussion on the Railway Budget. Dr. Abrar Ahmed.

मैं एक बात यह कह दूं कि सदन को देर तक बैठना है । यहां दो दर्जन के लगभग ऐसे वक्ता हैं जिनके नाम सूची में हैं । मैं चाहता हूं कि पैसेंजर की रफ्तार से न चलकर के मेल की रफ्तार से चले ।

श्री विश्वजित पृथ्वीजित सिंह (महाराष्ट्र) : मेरा एक प्वाइंट आफ आर्डर है । मेरा प्वाइंट आफ आर्डर यह है कि हम सब संसद सदस्य हैं । हम न आलू हैं, न छोले हैं और न कोई ऐसी वस्तु हैं जो बिकाऊ हो । इसलिए यह दो दर्जन मत कहिये, आप 24 कहें तो ज्यादा अच्छा है ।

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): ठीक है, मैं आपकी बात मान लेता हूं 24 के लगभग है ।

श्री विट्ठलराव माधव राव जाधव : मेरा एक व्यवस्था का प्रश्न है । रेल बजट देश के सभी राज्यों से संबंधित है, इसके लिए देर से बैठें यह इतनी महत्वपूर्ण बात नहीं है मगर सभी को अपनी बात कहने का मौका मिलना चाहिये ।

उपसभाध्यक्ष (श्री शंकर दयाल सिंह): जाधव जी, बिजनेस एडवाइजरी कमेटी ने तय किया है कि इसको आज समाप्त कर के उठना है (व्यवधान)

श्री विश्वजित पृथ्वीजित सिंह : उपसभाध्यक्ष जी, हमको यह नहीं भूलना चाहिये कि बिजनेस एडवाइजरी कमेटी इस सदन का एक भाग है और यह सदन बिजनेस एडवाइजरी कमेटी का भाग नहीं है । यह हमको नहीं भूलना चाहिये ।